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June 8, 2006

William J. Post
Chairman of the Board and Chief Executive Officer
Pinnacle West Capital Corporation
400 North 5th Street
Phoenix, AZ 85004

RE: Recent APS News Release

Dear Mr. Post:

I am writing about APS' recent news release entitled *New APS Program Offers Customer Rebates on High-Efficiency Air Conditioners and Heat Pumps*.

From a casual reading of this piece, one easily gets the impression that APS is generously providing \$1.5 million to finance the rebate program, which is portrayed as "a win for customers and the utility." However, APS customers should know that the money for "APS rebates" does not come from APS or its shareholders; it is collected monthly from every APS customer through the system benefits surcharge.

To more accurately characterize the program, please revise the program description at http://www.aps.com/news/BreakingNews_92.html, and in all other future APS information about the program, to indicate the source of the money that APS uses for the rebates.

Thank you for your attention to this request.

Sincerely,

Mike Gleason
Commissioner

c: Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Kristin K. Mayes